GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4586
ANSWERED ON:23.12.2005
FOREIGN INVESTMENTS
Chinta Mohan Dr. ;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of FINANCE be pleased to state:

(a) whether concessions have been declared for foreign investments in various financial sectors from September, 2004 to October, 2005 ;

(b)if so, the names of these sectors ;

(c)the quantum of concessions allowed in each sector during the said period ;and

(d)the foreign investment made in each sector during the said period ?

Answer

Minister of State in the Ministry of Finance (S. S. Palanimanickam)

(a),(b),(c)&(d): No, Sir. Government has put in place a liberal FDI policy and most of the sectors have been placed under the automatic route for FDI up to 100% except for a few sectors where caps have been prescribed and /or prior approval of Foreign Investment Promotion Board (FIPB) is required.

Government vide its Press Release dated 8th of November, 2005 decided to permit Foreign Direct Investment(FDI) upto a maximum of 49 per cent in the paid-up equity capital of Asset Reconstruction Companies (ARCs) in compliance with the provisions of the Securitisation and Reconstruction of Fmancial Assets and Enforcement of Security Interest Act, 2002. Foreign Institutional Investors (FIIs) registered with Securities and Exchange Board of India(SEBI) have been permitted to invest upto a maximum of 49 per cent of each tranche of scheme of Security Receipts(SRs) issued by ARCs registered with Reserve Bank of India. Investment by a single FII in each tranche of SRs shall not exceed 10 per cent of the issue.